

PRESS RELEASE

October 11, 2006  
ONCOLYS BIOPHARMA INC.

## Oncolys BioPharma Opened Own Research Center

Tokyo, Japan, October 11, 2006 --- Oncolys BioPharma Inc. (Tokyo, Japan, President & CEO, Yasuo Urata), which is developing conditional-restricted, replication-competent adenoviruses for the therapeutic and diagnostic applications in cancer, has opened its own research center at the Katsura Venture Plaza in the Katsura Campus of Kyoto University on October 11.

The center will aim at the development of technology for stable supply of its adenoviruses such as Teromelysin® and TelomeScan® through introduction of good technologies from European and US Bio-companies for GMP production and Quality Assurance.

Oncolys BioPharma Inc. Kyoto Research Center

Kyodai Katsura Venture Plaza 302

1-36, Goryouhara, Nishikyo-ku, Kyoto 615-8245, Japan

Mission : Studies on efficient manufacturing of Teromelysin®/TelomeScan®  
: Quality testing of Teromelysin®/TelomeScan®  
: Research on Anti-tumor activity and further clinical applications of Teromelysin® /TelomeScan®

Exterior View of Kyodai Katsura Venture Plaza



### **About Telomelysin®:**

Telomelysin® is a novel, conditional-restricted, replication-competent adenovirus.

Through a novel vector approach, a transcriptional element of the E1A adenovirus gene, which plays a significant role in replication, has been replaced by an inserted human telomerase reverse transcriptase (hTERT) gene promoter sequence.

The hTERT is one of the components of Telomerase, of which expression is up-regulated exclusively in tumor cells. The enzyme is expressed in approximately 90% of all types of cancer cells.

Telomelysin® is able to achieve a high replication rate due to Internal Ribosome Binding Site (IRES) gene inserted between E1A and E1B genes.

With the said unique features, Telomelysin® replicates in cancer cells and such replication leads to cell death, but replication is restricted in normal cells lacking Telomerase activity, resulting in little damage.

Telomelysin®, is currently tested for the patients with solid tumor under the Phase I clinical study in the United States.

### **About TelomeScan®:**

TelomeScan® is a derivative of Telomelysin® inserted with Green Fluorescent Protein (GFP) gene driven by CMV promoter into deleted E3 region. Same as Telomelysin®, TelomeScan® can infect and replicate in tumor cells, resulting in production of GFP protein and it makes tumor cell be visualized with fluorescence.

TelomeScan® can visualize tumor cells for a variety of purposes. As expected to be utilized as an in vivo and in vitro diagnostic agent to detect whole cancer cell with benefits of speed and accuracy, it will be able to provide good therapeutic information of patients prognosis and sites of lesion. The currently available data suggest a possibility of a "navigation surgery" under the guidance of the fluorescence created by TelomeScan®.

### **About Oncolys BioPharma Inc.**

The company was founded in March 18, 2004 in Tokyo, Japan.

The primary business focus is to develop and commercialize a newly discovered oncolytic virus "Telomelysin®" which is a joint invention by Professor Noriaki Tanaka and Associate Professor Toshiyoshi Fujiwara of Okayama University.

The company has added 'infectious disease' as its strategic franchise and concluded an exclusive license agreement with Yale University on behalf of Professor Masanori Baba of Kagoshima University and Professor Hiromichi Tanaka of Showa University in Japan, and Yung-Chi Cheng of Yale University School of Medicine, for a novel anti-HIV candidate therapeutic agent. The agreement will grant Oncolys BioPharma a global exclusive right of clinical and business development.

President and CEO: Yasuo Urata

Capital: ¥1,467.6 million

<http://www.oncolys.com>

### **About Kyoudai Katsura Venture Plaza**

Kyodai Katsura Venture Plaza(KKVP) was established by Organization for Small & Medium Enterprises and Regional Innovation, JAPAN(SMRJ) base on the Legislation for Promotion of New Business Creation. The KKVP's aim is to support commercialization of ventures' technologies. Such support includes "Rental of business space", "Business Support to tenants" and "Industry-university co-operation, and good interactions" for small & medium venture enterprises.

<http://www.kkvp.jp/index.php>

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